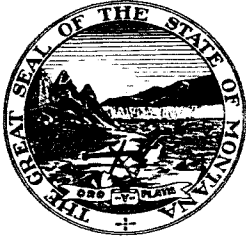


EXHIBIT 8
DATE 2-11-09
HB 2

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



BRIAN SCHWEITZER
GOVERNOR

ANNA WHITING SORRELL
DIRECTOR

STATE OF MONTANA

www.dphhs.mt.gov

PO Box 4210
HELENA, MT 59604-4210

February 10, 2009

Representative Teresa Henry, Chairman
Appropriation Subcommittee
Health & Human Services
State Capitol Building
Helena, MT 59620

Dear Chairman Henry:

The information provided in these handouts are for the Healthy Montana Kids plan (HMK). The information provides you with visuals, information on application processes, funding and FTE requirements for implementation, and a draft legislative bill for clean-up language required to fund HMK.

If you have any other questions or concerns, please contact me at 444-4084 or mdalton@mt.gov

Sincerely,

A handwritten signature in cursive script that reads "Mary E. Dalton".

Mary Dalton
Medicaid & Health Services Manager
DPPHS Director's Office

Cc: Laurie Lamson
Beckie Beckert-Graham

**HEALTHY MONTANA KIDS (HMK) PRESENTATION
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
FEBRUARY 11, 2009**

KEY ISSUES:

- **HMK Program Administration and Staffing – “Single Storefront - No Wrong Door”**
- **HMK Implementation Timeline**
- **Eligibility and Enrollment**
 - Increased eligibility levels to 250% FPL
 - Twelve Month Continuous Eligibility
 - Effective Date of Coverage goes to first of month when family applied
 - No Asset Test
 - Increase “Insurance Delay Period” from One Month to Three Months
 - Seamless Transition from CHIP to Medicaid
- **Enrollment Partners**
- **Presumptive Eligibility**
- **Bill to Clarify/Streamline State Funding Sources for HMK**
- **Federal Reauthorization of CHIP**
 - Reauthorized for 4 ½ years; State must spend annual allotment within 2 years
 - CHIP Allotments, Contingency Fund and Bonus Payments
 - Additional federal funding for outreach
 - Costs for outreach to Native Americans exempt from 10% admin cap
 - Citizenship verification
 - “Express Lane Eligibility” process
 - Mental Health Parity
 - Evidence-based Quality Health Measures
 - Data Collection Improvements – uninsured children

How Can a Family Apply for Healthy Montana Kids?

- Visit the HMK website ([www._____](http://www.healthy.mt.gov))

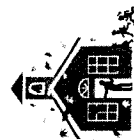


- Apply on-line
- Download an application



- Call HMK at 1-877-KidsNow (1-877-543-7669) to request an application

- Pick up an application at healthcare provider offices, Offices of Public Assistance, Health Departments, Indian Health Services (IHS), Tribal Health facilities and many other statewide locations



- Contact an HMK Enrollment Partner to help you complete the application



Applications may be sent to the HMK Office or dropped off at any county Office of Public Assistance.

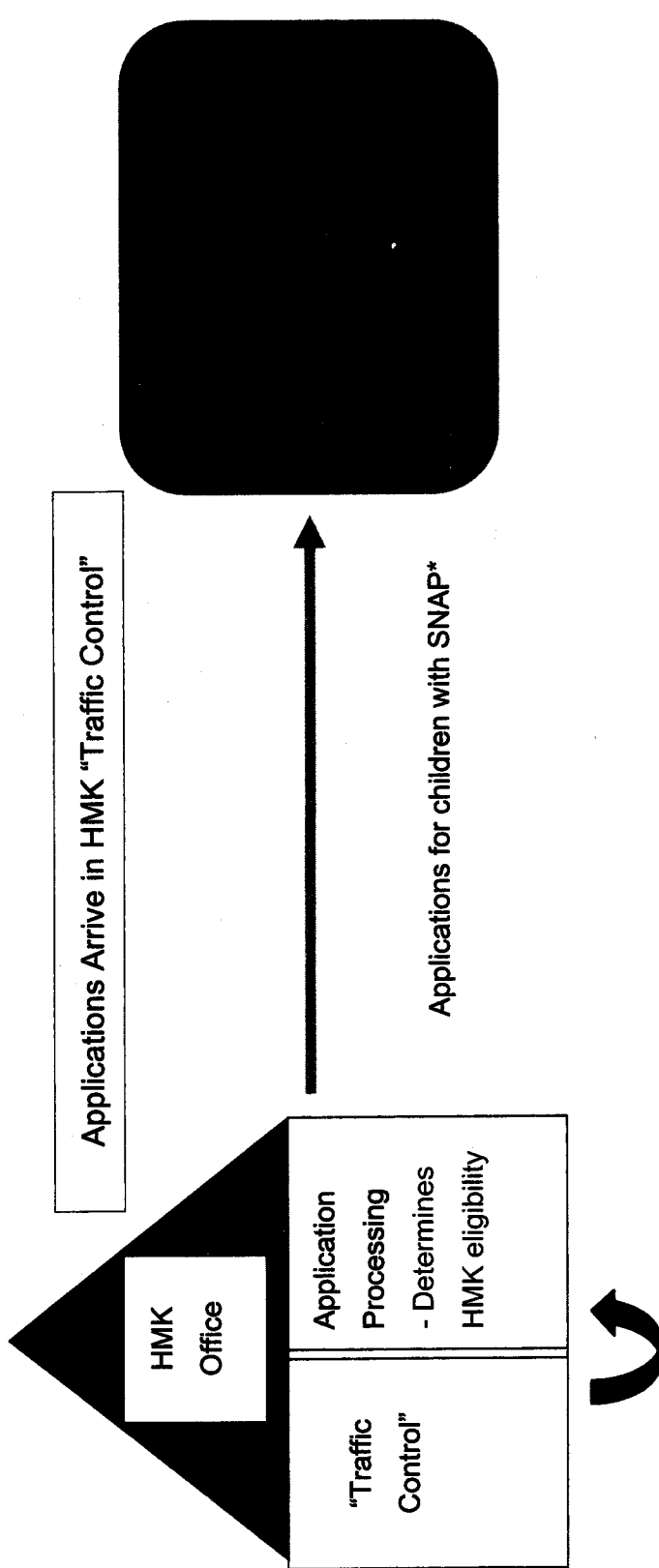
HEALTHY MONTANA KIDS - STAFFING PROJECTIONS

FTE	POSITION	LOCATION	DUTIES
16	Social Services Specialists	HMK	Determine eligibility and enroll children in HMK
9	Social Services Specialists	County OPAs	Determine eligibility and enroll children in HMK
6	Social Service Technicians	HMK	Triage applications, enter demographics & route applications
4	Records Management Asst.	HMK	Scan applications & documents; obtain electronic verifications
3	Administrative Assistants	HMK	Telephone customer service; Open/log applications
3	Claims Specialists	HMK	Address and resolve HMK claims and billing issues
2	Administrative Specialists	HMK	Supervise eligibility staff
2	Administrative Specialists	HMK	Outreach; Recruit, train and provide TA to enrollment partners;
1	Administrative Specialist	HMK	Supervise records management and administrative staff
1	Hearings Officer	DPHHS	Fair Hearings
1	Attorney	DPHHS	Administrative rules, consultations, Fair Hearings, court cases
48	Total FTE		

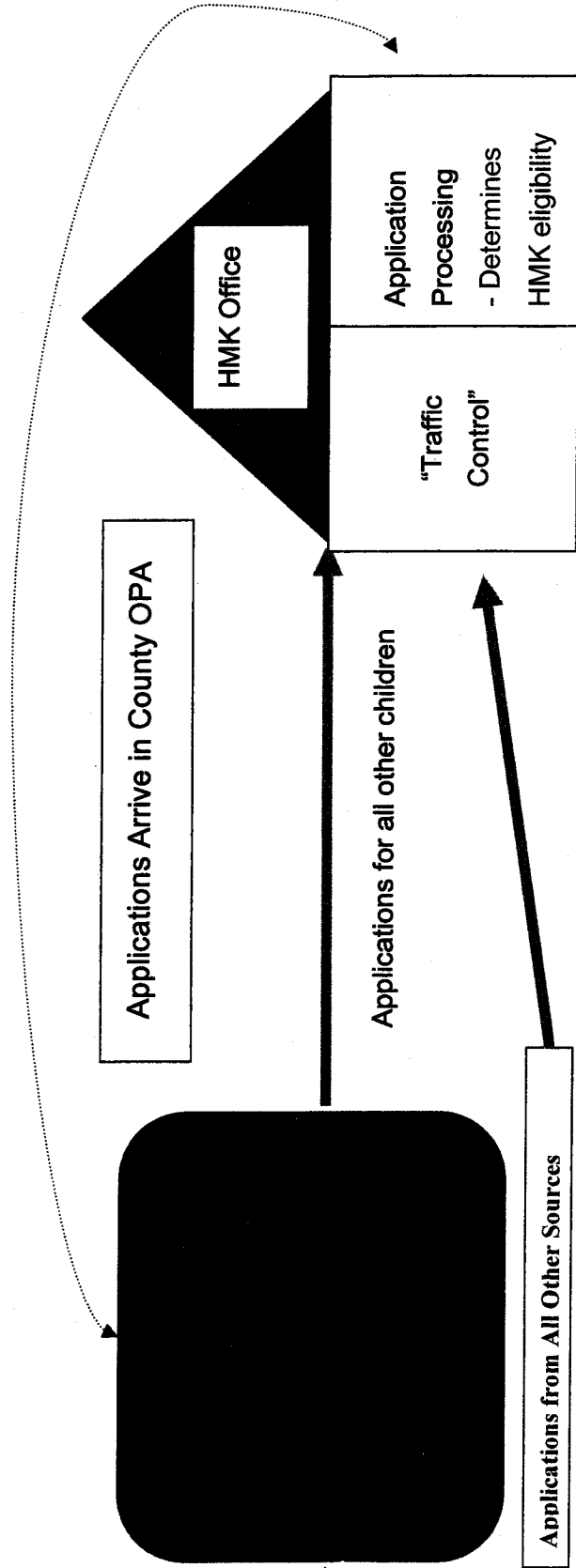
Assumptions:

The HMK office and county Offices of Public Assistance (OPA) will both accept HMK applications.
Approximately 75% of applications will be processed at HMK office and 25% will be processed at county OPAs.

February 10, 2009



*SNAP=Supplemental Nutrition Assistance Program



Current Funding for Children's Health Coverage

Federal Poverty Level

175%

CHIP
(0-18yrs)

133%

100%

Medicaid
(6-18yrs)

Medicaid
(0-5yrs)

0%

HMK Funding for Children's Health Coverage

250%

HMK

175%

Current CHIP

133% (6-18yrs) CHIP/Medicaid
Expansion

100%

(0-5yrs)
Medicaid

(6-18yrs)
Medicaid

0%

Medicaid FMAP (68%)

CHIP
Benefit
Package

Medicaid
Benefit Package

278%
CHIP FMAP (78%)

Healthy Montana Kids

CHIP Waiver ID Card

Plan Y

CHIP Benefit Package
CHIP Reimbursement Rate

134% - 250%
FPL

Healthy Montana Kids Implementation Timeline

TASK	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09
CHIP reauthorization									
System contract amendments for KIDS and CHIMES (ITM)									
Submit State Plan amendments for Medicaid and CHIP									
State Plan approval by CMS									
Address provider issues, claims submittal, network contracts, etc									
Meet with BCBSMT/ACS re: policy changes									
Develop shared content for HMK application									
Develop HMK hardcopy application									
Issue Request for Information (RFI) for HMK on-line application options									
Develop and review HMK on-line application process									
Launch HMK on-line application									
Interview/hire HMK staff									
Medicaid and CHIP ARM submittals for July effective date									
Administrative Rules finalized									
ID card creation and format									
Work sessions for KIDS/CHIMES systems changes									
CMS notification of CHIP allotment for FFY 2010									
Develop HMK identity/logo for branding and marketing									
Create HMK website									
Launch HMK website									
Policy Manual revisions to match ARMs for October effective dates									
HMK policy to be completed									
Completion of marketing materials, member handbooks, etc.									
Train HMK staff									
Enrollment Partner outreach & training									
Back-to-School campaign begins									
Media campaign begins									
Conduct targeted outreach for CHIP over-income families									
Implement HMK with Medicaid and CHIP FPL increases									

HMK PHASE II (Post 10/09)
Presumptive eligibility - January 2010
Premium assistance - October 2010
Section 125 IRS - employee-sponsored insurance - October 2010

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EXHIBIT 8
DATE 2-11-09
HB 2

Introduced By *****

By Request of the (_____)

A Bill for an Act entitled: "An Act providing funding for
and revising the Healthy Montana Kids Plan, amending
sections 17-6-606, 53-4-1007, 53-4-1115, and 53-6-1201, MCA;
repealing sections ~~53-4-1011~~, and 53-4-1012, MCA."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 17-6-606, MCA, is amended to read:

"17-6-606. Tobacco settlement accounts -- purpose --
uses. (1) The purpose of this section is to dedicate a
portion of the tobacco settlement proceeds to fund
statewide programs:

(a) for tobacco disease prevention designed to:

(ai) discourage children from starting use of
tobacco; and

(bii) assist adults in quitting use of tobacco;

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1 (eb) to provide funds for the ~~children's health~~
2 insurance program healthy Montana kids plan provided in
3 title 53, chapter 4, part 11; and

4 (dc) to provide funds for the comprehensive health
5 association programs.

6 (2) An amount equal to 32% of the total yearly
7 tobacco settlement proceeds received after June 30, 2003,
8 must be deposited in a state special revenue account.

9 Subject to subsection (5), the funds referred to in this
10 subsection may be used only for funding statewide programs
11 for tobacco disease prevention designed to prevent children
12 from starting tobacco use and to help adults who want to
13 quit tobacco use. The department of public health and human
14 services shall manage the tobacco disease prevention
15 programs and shall adopt rules to implement the programs.

16 In adopting rules, the department shall consider the
17 standards contained in Best Practices for Comprehensive
18 Tobacco Control Programs--August 1999 or its successor
19 document, published by the U.S. department of health and
20 human services, centers for disease control and prevention.

21 (3) An amount equal to 17% of the total yearly
22 tobacco settlement proceeds received after June 30, 2003,
23 must be deposited in a state special revenue account.

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1 Subject to subsection (5), the funds referred to in this
2 subsection may be used only for:

3 (a) matching funds to secure the maximum amount of
4 federal funds for the ~~Children's Health Insurance Program~~
5 ~~Act~~ healthy Montana kids plan provided for in Title 53,
6 chapter 4, part ~~10~~ 11; and

7 (b) programs of the comprehensive health association
8 provided for in Title 33, chapter 22, part 15, with funding
9 use subject to 33-22-1513.

10 (4) Funds deposited in a state special revenue
11 account, as provided in subsection (2) or (3), that are not
12 appropriated within 2 years after the date of deposit must
13 be transferred to the trust fund.

14 (5) The legislature shall appropriate money from the
15 state special revenue accounts provided for in this section
16 for programs for tobacco disease prevention, for the
17 programs referred to in the subsection establishing the
18 account, and for funding the tobacco prevention advisory
19 board.

20 (6) Programs funded under this section that are
21 private in nature may be funded through contracted
22 services."

23 {Internal References to 17-6-606:

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1 17-6-610 53-4-1011 53-6-1101 }

2

3 Section 2. Section 53-4-1007 is amended to read:

4

5 53-4-1007. (Temporary) Department may contract for

6 services. (1) The department of public health and human

7 services may administer the program directly or contract

8 with insurance companies or other entities to provide

9 services for a set monthly or yearly fee based on the

10 number of participants in the program and the types of

11 services provided or based on a fee for service as

12 established by the department.

13 (2) The department of public health and human services

14 may contract for a health care service based on a fee for

15 service when the department does not contract for a health

16 care service through an insurance plan, a health

17 maintenance organization, or a managed care plan. In

18 operating the program and providing health services, the

19 department may:

20 (a) pay providers on a fee-for-service basis in a

21 self-funded program and contract with an insurance company,

22 third-party administrator, or other entity to provide

23 administrative services, including but not limited to

24 processing and payment of claims with program funds;

25 (b) purchase health coverage for eligible children

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1 from an insurance company or other entity through premiums,
2 capitated payments, or other appropriate methods;

3 (c) purchase health coverage as provided in subsection
4 (2)(b) for some types of health services and contract
5 directly with providers for other types of health services
6 on a fee-for-service basis; or

7 (d) pay providers on a fee-for-service basis and
8 directly provide administrative services in a self-funded
9 program.

10 (3) If the department of public health and human
11 services contracts with an insurance company or other
12 entity to administer the program as provided in subsection
13 (2)(b) or (2)(c), not more than 12% of the contract payment
14 may be used for administrative expenses, including:

15 (a) direct and indirect expenses as specified in 33-
16 22-1514;

17 (b) risk charges; and

18 (c) any applicable assessments, fees, and taxes.

19 (4) If the department operates the program by
20 providing administrative services under subsection (2)(a),
21 (2)(c), or (2)(d), the department's administrative expense
22 may not exceed the lesser of 10% of total program expenses
23 or the applicable federal limitation, excluding costs for

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1 federally required audits.

2 (5) (a) An insurance company or other entity that
3 contracts with the department for a fully insured contract
4 as provided in subsection (2)(b) shall calculate the
5 surplus account balance at the end of each contract year
6 and may retain an amount equal to 50% of the risk charge
7 allowed under the contract. The remainder of the surplus
8 balance must be deposited in the state special revenue
9 account provided for in 53-4-1012 53-4-1115.

10 (b) For the purposes of this subsection (5):

11 (i) "risk charge" means the percentage of the
12 administrative expense allowed in the contract for assuming
13 the risk;

14 (ii) "surplus account balance" means funds that remain
15 after all claims and all administrative expenses have been
16 paid for a claim period.

17 **Section 3.** Section 53-4-1115, MCA is amended to read:
18

19 53-4-1115. Special revenue account. (1) There is an
20
21 account in the state special revenue fund to the credit of
22 the department for the purposes provided in subsection (2).
23 There must be paid into the account the amounts collected
24 under 33-2-708(3)(b). Any interest or income derived from

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1 the account must be deposited in the account.

2 (2) Money in the account:

3 (a) is to be used solely to cover the number of
4 additional enrollees in the plan that exceeds the number of
5 enrollees as of November 4 1, 2008, within the limits
6 provided in 53-4-1004, 53-6-131, and this part, and to
7 cover the costs of enrollment, including premium
8 assistance, under 53-4-1108(1), and to pay administrative
9 costs associated with expanded eligibility, and to
10 establish and maintain a reserve; and

11 (b) may be used only to match federal funds available
12 under the children's health insurance program and the
13 Montana medicaid program.

14 (3) The unexpended balance of an appropriation from
15 the account must remain in the account and may be used only
16 for the purposes stated in subsection (2).

17 (4) The special revenue account does not affect and
18 is not exclusive of any other sources of funding for the
19 programs described in 53-4-1104(2), including the special
20 revenue account provided for in 53-4-1012.

21 (5) If the department determines that there is
22 insufficient funding for the purposes of subsection (2), it
23 may reduce eligibility requirements for participants in the

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1 children's health insurance program as provided in 53-4-
2 1004(4).

3
4 **Section 4.** Section 53-6-1201, MCA, is amended to
5 read:

6 "53-6-1201. **Special revenue fund -- health and**
7 **medicaid initiatives.** (1) There is a health and medicaid
8 initiatives account in the state special revenue fund
9 established by 17-2-102. This account is to be administered
10 by the department of public health and human services.

11 (2) There must be deposited in the account:

12 (a) money from cigarette taxes deposited under
13 16-11-119(1)(c);

14 (b) money from taxes on tobacco products other than
15 cigarettes deposited under 16-11-119(3)(b); and

16 (c) any interest and income earned on the account.

17 (3) This account may be used only to provide funding
18 for:

19 (a) the state funds necessary to take full advantage
20 of available federal matching funds in order to administer
21 the plan and maximize enrollment of eligible children under
22 the ~~children's health insurance program~~ healthy Montana kids
23 plan, provided for under Title 53, chapter 4, part ~~10~~ 11;

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1 ~~and to provide outreach to the eligible children. The~~
2 ~~increased revenue in this account is intended to increase~~
3 ~~enrollment rates for eligible children in the program and~~
4 ~~not to be used to support existing levels of enrollment~~
5 ~~based upon appropriations for the biennium ending June 30,~~
6 ~~2005.~~

7 (b) a new need-based prescription drug program
8 established by the legislature for children, seniors,
9 chronically ill, and disabled persons that does not
10 supplant similar services provided under any existing
11 program;

12 (c) increased medicaid services and medicaid provider
13 rates. The increased revenue is intended to increase
14 medicaid services and medicaid provider rates and not to
15 supplant the general fund in the trended traditional level
16 of appropriation for medicaid services and medicaid
17 provider rates.

18 (d) an offset to loss of revenue to the general fund
19 as a result of new tax credits;

20 (e) funding new programs to assist eligible small
21 employers with the costs of providing health insurance
22 benefits to eligible employees;

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1 (f) the cost of administering the tax credit, the
2 purchasing pool, and the premium incentive payments and
3 premium assistance payments as provided in Title 33,
4 chapter 22, part 20; and

5 (g) providing a state match for the medicaid program
6 for premium incentive payments or premium assistance
7 payments to the extent that a waiver is granted by federal
8 law as provided in 53-2-216.

9 (4) (a) Except for \$1 million appropriated for the
10 startup costs of 53-6-1004 and 53-6-1005, the money
11 appropriated for fiscal year 2006 for the programs in
12 subsections (3)(b) and (3)(d) through (3)(g) may not be
13 expended until the office of budget and program planning
14 has certified that \$25 million has been deposited in the
15 account provided for in this section or December 1, 2005,
16 whichever occurs earlier.

17 (b) On or before July 1, the budget director shall
18 calculate a balance required to sustain each program in
19 subsection (3) for each fiscal year of the biennium. If the
20 budget director certifies that the reserve balance will be
21 sufficient, then the agencies may expend the revenue for
22 the programs as appropriated. If the budget director
23 determines that the reserve balance of the revenue will not

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1 support the level of appropriation, the budget director
2 shall notify each agency. Upon receipt of the notification,
3 the agency shall adjust the operating budget for the
4 program to reflect the available revenue as determined by
5 the budget director.

6 (c) Until the programs or credits described in
7 subsections (3)(b) and (3)(d) through (3)(g) are
8 established, the funding must be used exclusively for the
9 purposes described in subsections (3)(a) and (3)(c).

10 (5) The phrase "trended traditional level of
11 appropriation", as used in subsection (3)(c), means the
12 appropriation amounts, including supplemental
13 appropriations, as those amounts were set based on
14 eligibility standards, services authorized, and payment
15 amount during the past five biennial budgets.

16 (6) The department of public health and human
17 services may adopt rules to implement this section."

18 {Internal References to 53-6-1201:

19 16-11-119 16-11-119 33-22-2001
20 33-22-2004
21 33-22-2005 33-22-2009 33-22-2009 52-3-115
22 53-2-217 53-6-1020 }
23

24 NEW SECTION. Section 5. {standard} Repealer. Section 53-4-
25 1012, MCA, is repealed.

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1 {Internal References to 53-4-1011: None
2 Internal References to 53-4-1012:
3 53-4-1007}

4

5

-END-

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2/11/09